



NEW APPLICATION
MOTION TELECOM, INC.

ORIGINAL

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2003 JUN 12 A 11:27

June 11, 2003

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission
Utilities Division
Attention: Docket Control
1200 West Washington
Phoenix, AZ 85007-2996

T-04186A-03-0406

Re: New Certificate of Convenience and Necessity to Provide
Resold Interexchange Telecommunications and Prepaid Calling Card Services
Motion Telecom, Inc.

To Whom It May Concern:

Motion Telecom, Inc. is applying for a new Certificate of Convenience and Necessity.

The attached enclosures contain an original plus 13 copies of the application and tariff as required by the Commission. Also enclosed are an additional copy and a self-addressed stamped envelope for the return of a stamped copy to our office.

If you need additional information, or have any questions, please contact me at (303) 784-5329. Thank you for your assistance in this matter.

Sincerely,

Barbara H. Vonderheid
Chief Legal Officer /General Counsel
Motion Telecom, Inc.

Enclosures

BHV/dlc

7101 South Fulton Street, Suite 200
Englewood, CO 80211
303-784-5300
www.motiontelecom.com

ARIZONA CORPORATION COMMISSION

**Application and Petition for Certificate of Convenience and Necessity to Provide
Intrastate Telecommunications Services**

Mail original plus 10 copies of completed application to:

For Docket Control Only:
(Please Stamp Here)

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

Please indicate if you have current applications pending
in Arizona as an Interexchange reseller, AOS provider,
or as the provider of other telecommunication services.

Type of Service: _____

Docket No.: _____ Date: _____ Date Docketed: _____

Type of Service: _____

Docket No.: _____ Date: _____ Date Docketed: _____

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in *Arizona* and answer the appropriate numbered items:

- ☒ Resold Long Distance Telecommunications Services (Answer Sections A, B, C).
☐ Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
☐ Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).
☐ Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, D, E)
☐ Alternative Operator Services Telecommunications Services (Answer Sections A, B)

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

Motion Telecom, Inc. 303-784-5300
7101 S. Fulton St. Suite 200 (f) 303-784-5367
Englewood, CO 80112 www.motiontelecom.com

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact:

Ron Husney, Director, Telecom, Sales & Operations
7101 S. Fulton St. Suite 200
Englewood, CO 80112 303-784-5300
www.awipcs.com (f) 303-784-5367

(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant:

Barbara H. Vonderheid
See (A-4)

bvonderheid@awipcs.com

(A-6) The name, address, telephone number (including area code), facsimile number (including area code), E-mail address of the Applicant's Complaint Contact Person:

☐ See (A-5)

(A-7) What type of legal entity is the Applicant?

- ☐ Sole proprietorship
- ☐ Partnership: _____ Limited, _____ General, _____ Arizona, _____ Foreign
- ☐ Limited Liability Company: _____ Arizona, _____ Foreign
- ☒ Corporation: _____ "S", _____ "C", _____ Non-Profit
- ☐ Domicile: _____ Arizona, X Foreign
- ☐ Other, specify: _____

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in the State of Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify).
3. Indicate percentages of ownership of each person listed in A-8.2.

COMMISSIONERS
MARC SPITZER - Chairman
JIM IRVIN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON



ARIZONA CORPORATION COMMISSION

BRIAN C. MCNEIL
Executive Secretary

JOANNE C. MACDONNELL
Director, Corporations Division

June 3, 2003

REGISTERED AGENTS LEGAL SERVICE
1220 N MARKET STREET #606
WILMINGTON, DE 19801

RE: MOTION TELECOM, INC.
File Number: F-1079157-0

We are pleased to notify you that your Application for Authority to transact business in Arizona was approved and filed on May 27, 2003.

You must publish a copy of your Application for Authority. The publication must be in a newspaper of general circulation in the county of the known place of business in Arizona, as filed with the Commission for three (3) consecutive publications. An affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing WITHIN NINETY (90) DAYS from the date of this letter.

All corporations transacting business in Arizona are required to file an Annual Report with the Commission, on the anniversary of the E date of incorporation. Each year, a preprinted Annual Report form will be mailed to the corporation's known place of business approximately two months prior to the due date of the report. Should the report fail to arrive, contact the Commission. It is imperative that corporations notify the Commission immediately (in writing) if they change their corporate address, statutory agent or agent address. Address change orders must be executed (signed) by a corporate officer. Postal forwarding orders are not sufficient.

The Commission strongly recommends that you periodically check Commission records regarding the corporation. The Commission web site www.cc.state.az.us/corp contains information specific to each corporation of record and is a good general source of information.

If you have any questions or need further information, please contact us at (602) 542-3135 in Phoenix, (520) 628-6560 in Tucson, or Toll Free (Arizona residents only) at 1-800-345-5819.

Sincerely,
JANET TAYLOR
Examiner
Corporations Division

CF:07, Rev: 01/2003

AZ CORP COMMISSION
FOR THE STATE OF AZ
DELIVERED

2003 MAY 27 P 3:27

FILED BY Jane Taylor
DATE FILED 05/27/03
TERM _____
DATE _____
TIME _____

F 1079157-0

**Application For Authority
To Transact Business
In Arizona**

Motion Telecom, Inc.

DO NOT PUBLISH
THIS SECTION

1. The corporate name must contain a corporate ending which may be "corporation," "association," "company," "limited," "incorporated" or an abbreviation of any of these words. If you are the holder or assignee of a tradename or trademark, attach Declaration of Tradename Holder form. If your name is not available for use in Arizona, you must adopt a fictitious name and provide a resolution adopting the name, which must be executed by the corporation Secretary.

3. You must provide the total duration in years for which your corporation was formed to endure. If perpetual succession, so indicate in this section. Do not leave blank, or state not applicable.

5. The statutory agent must provide both a physical and mailing address. If statutory agent has a P.O. Box, then they must also provide a physical description of their street address/location.

APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS IN ARIZONA

The name of the corporation is: Motion Telecom, Inc.
A(n) Colorado Corporation
(State, Province or Country)

☒ We are a foreign corporation applying for authority to transact business in the state of Arizona.

We are a foreign corporation currently authorized to transact business in Arizona and must now file this Application for New Authority pursuant to A.R.S. § 10-1504 because we have changed the following in our domicile jurisdiction:

- ☐ Our actual corporate name (or the name under which we originally obtained authority in Arizona).
☐ The period of our duration.
☐ The state, province or country of our incorporation.

1. The exact name of the foreign corporation is:
Motion Telecom, Inc.

If the exact name of the foreign corporation is not available for use in this state, then the fictitious name adopted for use by the corporation in Arizona is:

_____(FN).

2. The name of the state, province or country in which the foreign corporation is incorporated is:
Colorado

3. The foreign corporation was incorporated on the 3rd day of April,
2003 and the period of its duration is: Perpetual.

4. The street address of the principal office of the foreign corporation in the state, province or country of its incorporation is:
7101 S. Fulton Street, Ste. 200
Englewood, CO 80112

5. The name and street address of the statutory agent for the foreign corporation in Arizona is:
Resident Agents-Arizona LLC
4643 E. Thomas Road, Ste. 9
Phoenix, AZ 85018

DO NOT PUBLISH
THIS SECTION

- 5.a. The street address of the known place of business of the foreign corporation in Arizona IF DIFFERENT from the street address of the statutory agent is:

5.b. Indicate to which address the Annual Report should be mailed.

- 5.b. The Annual Report and general correspondence should be mailed to the address specified above in section 4 X or 5a _____.

6. If the purpose of your corporation has any limitations with regard to this section, so indicate. If not, state no limitations or leave blank.

6. The purpose of the corporation is to engage in any and all lawful business in which corporations may engage in the state, province or country under whose law the foreign corporation is incorporated, with the following limitations if any:

Retailer of Communications Services

7. The names and usual business addresses of the current directors and officers of the foreign corporation are: (Attach additional sheets if necessary.)

Name: Mark Gritz Dir/Pres. [title]

Address: 7101 S. Fulton St., Ste. 200

City, State, Zip: Englewood, CO 80112

Name: Victor Mitchell Dir/Sec/Treas [title]

Address: Same As Above

City, State, Zip: _____

Name: Susan Spurr V.P. [title]

Address: Same As Above

City, State, Zip: _____

8. The total number of authorized shares cannot be "zero" or "N/A". Include authorized, not issued shares in this section.

8. The foreign corporation is authorized to issue 100,000 shares, itemized as follows: (Attach additional sheets if necessary.)

100,000 shares of Common [class or series] stock at

X no par value or par value of \$ _____ per share.

_____ shares of _____ [class or series] stock at

_____ no par value or par value of \$ _____ per share.

_____ shares of _____ [class or series] stock at

_____ no par value or par value of \$ _____ per share.

DO NOT PUBLISH
THIS SECTION

9. The total number of
issued shares cannot be
"N/A".

The Application
must be
accompanied by the
following: A
Certificate of
Disclosure, executed
within 30 days of
delivery to the
Commission, by a
duly authorized
officer

Attach a certified
copy of your articles
of incorporation, all
amendments and
mergers (AZ Const.
Art. XIV, §8) and a
certificate of
existence or
document of similar
import duly
authenticated (within
60 days) by the
official having
custody of corporate
records in the state,
province or country
under whose laws
the corporation is
incorporated.

The agent must
consent to the
appointment by
executing the
consent.

9. The foreign corporation has issued 50,000 shares, itemized as follows:

50,000 shares of Common [class or series] stock at
no par value or par value of \$ _____ per share.
_____ shares of _____ [class or series] stock at
no par value or par value of \$ _____ per share.
_____ shares of _____ [class or series] stock at
no par value or par value of \$ _____ per share.

10. The character of business the foreign corporation initially intends to conduct in Arizona is:

Retailer of Communications Services

DATED this 18 day of April, 2003.

[Name of Corporation]

Executed by

Duly Authorized Officer or Director

Mark Gritz

[print name]

Pres

[title]

PHONE _____

[optional]

FAX _____

[optional]

ACCEPTANCE OF APPOINTMENT BY STATUTORY AGENT

The undersigned hereby acknowledges and accepts the appointment as statutory agent of this corporation

effective this 28th day of April, 2003

RESIDENT AGENTS - ARIZONA LLC

By Sharon Michael

Signature

VICE PRES.

SHARON MICHAEL

[Print Name]

MOTION TELECOM, INC.

Directors

Mark Gritz

Susan Spurr

Victor Mitchell

Officers

Mark Gritz – President

Susan Spurr – Vice President

Barbara H. Vonderheid – Vice President

Victor Mitchell – Treasurer and Secretary

Advantage Advisory Service, Inc. owns 100% of Motion Telecom, Inc.

7101 South Fulton Street, Suite 200
Englewood, CO 80211
303-784-5300
www.motiontelecom.com

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number).
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number).
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).

(A-10) Indicate the geographic market to be served:

- ☒ Statewide. (Applicant adopts statewide map of Arizona provided with this application).
- ☐ Other. Describe and provide a detailed map depicting the area.

(A-11) Indicate if the Applicant has been or if the Applicant is currently involved in any formal or informal complaint proceedings pending before any State or federal Regulatory Commission:

- ☐ Yes ☒ No

If "Yes", please provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

(A-12) Indicate if the Applicant has been or is currently involved in any civil or criminal investigations AND/OR had judgment entered against it in any civil matter or been convicted of any criminal acts related to the delivery of telecommunications services within the last five (5) years:

- ☐ Yes ☒ No

If "Yes", please provide the following information.

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

**MOTION TELECOM, INC.
LONG DISTANCE AND PREPAID CALLING CARD SERVICE**

This tariff applies to Motion Telecom, Inc. (the "Company") Long Distance services and Prepaid Calling Card services (the "Services") furnished for intrastate telecommunications in accordance with the Arizona Public Utilities Commission and the laws of the State of Arizona. Service is provided between points within the State of Arizona.

Issued: June 12, 2003

Effective:

Issued by:
Victor Mitchell, CEO
Motion Telecom, Inc.
7101 South Fulton Street #200
Englewood, CO 80112
(303) 784-5300

MOTION TELECOM, INC.

CHECK SHEET

Pages 1 through 34, inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s).

Page	Revision
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
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12	Original
13	Original
14	Original
15	Original
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17	Original
18	Original
19	Original
20	Original
21	Original
22	Original
23	Original
24	Original
25	Original
26	Original

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(303) 784-5300

MOTION TELECOM, INC.

CHECK SHEET (Cont'd)

Page	Revision
27	Original
28	Original
29	Original
30	Original
31	Original
32	Original
33	Original
34	Original

Issued: June 12,2003

Effective:

Issued by:
Victor Mitchell, CEO
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7101 South Fulton Street #200
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(303) 784-5300

MOTION TELECOM, INC.

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Effective:

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7101 South Fulton Street #200
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(303) 784-5300

MOTION TELECOM, INC.

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(303) 784-5300

MOTION TELECOM, INC.

CONCURRING CARRIERS

No Concurring Carriers

CONNECTING CARRIERS

No Connecting Carriers

OTHER PARTICIPATING CARRIERS

EXPLANATION OF SYMBOLS

C	-	to signify a changed regulation
D	-	to signify a discontinued rate or regulation
I	-	to signify a rate increase
M	-	to signify a matter moved or relocated without change
N	-	to signify a new rate or regulation
R	-	to signify a reduction
S	-	to signify a reissued matter
T	-	to signify a change in text but no change in rate or regulation
Z	-	to signify a correction

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7101 South Fulton Street #200
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(303) 784-5300

MOTION TELECOM, INC.

EXPLANTION OF ABBREVIATIONS

Company	-	Motion Telecom, Inc.
STD.	-	Standard
DIS.	-	Discount
ECO.	-	Economy

Issued: June 12,2003

Effective:

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Motion Telecom, Inc.
7101 South Fulton Street #200
Englewood, CO 80112
(303) 784-5300

MOTION TELECOM, INC.

1. APPLICATION OF TARIFF

This tariff contains the regulations and rates applicable to the provision of Long Distance Telecommunications service and Prepaid Calling Card service (the "Services") by Motion Telecom, Inc. (hereinafter referred to as the Company), in the State of Arizona as specified in Sections 3.1.1(a) and 3.2.1(a). Services are furnished subject to transmission, atmospheric and like conditions.

2. REGULATIONS

2.1 Undertaking of the Company

2.1.1 Scope

The Company undertakes to provide the Services in accordance with the terms and conditions set forth in this tariff.

2.1.2 Shortage of Facilities

All Services are subject to availability of suitable facilities. The Company reserves the right to limit the length of communications or to discontinue Services when necessary because of the lack of local facilities or other transmission medium capacity or because of any causes beyond its control.

2.1.3 Limitations of Liability of the Company

Except as stated in Section 2.1.3, the Company shall have no liability for damages of any kind arising out of or related to events, acts, rights or privileges contemplated in this tariff.

Issued: June 12, 2003

Effective:

Issued by:
Victor Mitchell, CEO
Motion Telecom, Inc.
7101 South Fulton Street #200
Englewood, CO 80112
(303) 784-5300

MOTION TELECOM, INC.

2. REGULATIONS (Cont'd)

2.1 Undertaking the Company (Cont'd)

2.13 Limitations of Liability of the Company (Cont'd)

- (A) The Company shall not be liable for any failure of performance hereunder for any claim or loss, expense of damages (including indirect, special or consequential damages) for any interruption, delay, error, mistake, omission, or other defect or misrepresentation in any service, facility (including services and facilities involved in emergency calling activity) or transmission provided under this tariff, if caused by any person or entity other than the Company by any malfunction of any service or facility provided by any other carrier, by an act of God, fire, war, explosion, vandalism, cable cut, storm, riot, civil disturbance, or act of government, or by any other similar occurrence or cause beyond the Company's direct control.
- (B) The Company shall not be liable for, and shall be fully indemnified and held harmless by customer against:
 - (1) Any claim or loss, expense, or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement or copyright or patent, unauthorized use of any trademark, tradename or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data, information, or other content revealed to, transmitted by, or used by the Company under this tariff.

Issued: June 12,2003

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Victor Mitchell, CEO
Motion Telecom, Inc.
7101 South Fulton Street #200
Englewood, CO 80112
(303) 784-5300

MOTION TELECOM, INC.

2. REGULATIONS (Cont'd)

2.1 Undertaking the Company (Cont'd)

2.13 Limitations of Liability of the Company (Cont'd)

- (2) Any claim or loss, expense, or damage (including indirect, special or consequential damage) for any act or omission of the Customer or for any claim or loss, expense or damage due to the failure of Customer-provided equipment, facilities, or Services.
- (3) The Customer shall be liable for damages to the facilities of the Company caused by negligence or willful acts of officers, employees, agents or contractors of the Customer.
- (C) The Company shall not be liable for any defacement of or damages to the premises of a customer, resulting from the furnishing of service, which is not the result of the Company's negligence.
- (D) The Company is not liable for any act or omission of any other company or companies furnishing a portion of the Services.
- (E) All or a portion of the Services may be provided over facilities of third parties, and the Company shall not be liable to Customer or any other person, firm or entity in any respect whatsoever arising out of defects caused by such third parties.

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Motion Telecom, Inc.
7101 South Fulton Street #200
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(303) 784-5300

MOTION TELECOM, INC.

2. REGULATIONS (Cont'd)

2.1 Undertaking the Company (Cont'd)

2.13 Limitations of Liability of the Company (Cont'd)

(F) IN NO EVENT SHALL THE COMPANY BE LIABLE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL SPECIAL, ACTUAL, OR PUNITIVE DAMAGES, OR FOR ANY DEFECTS IN SERVICES OR EQUIPMENT PROVIDED OR ANY OTHER CAUSE. THE WARRANTY AND REMEDIES SET FORTH IN THIS TARIFF ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES OR REMEDIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANT ABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

(G) Prepaid Calling Card Services

The Company makes no express or implied representations or warranties about its services and disclaims any implied warranties. The liability of the Company is limited to the face value of each card and will not include any indirect, special, incidental, consequential, exemplary, or punitive losses or damages. The Company nor any of its authorized agents or contractors shall be liable or responsible for theft, loss or unauthorized use of any prepaid cards or card numbers. The Company will not refund or issue credit for unused units (minutes) on any prepaid card.

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(303) 784-5300

MOTION TELECOM, INC.

2. REGULATIONS (Cont'd)

2.1 Undertaking the Company (Cont'd)

2.1.4 Claims

The Company shall be indemnified and hold harmless by the Customer from and against all loss, liability, damage and expense, including reasonable counsel fees, due to claims for libel, slander, or infringement of copyright in connection with the material transmitted over the Company's facilities; and any claim resulting from any act or omission of the Customer or patron(s) of the Customer relating to the use of the Company's facilities.

Issued: June 12, 2003

Effective:

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Victor Mitchell, CEO
Motion Telecom, Inc.
7101 South Fulton Street #200
Englewood, CO 80112
(303) 784-5300

MOTION TELECOM, INC.

2. REGULATIONS (Cont'd)

2.1 Undertaking the Company (Cont'd)

2.1.5 Provision of Equipment and Facilities

The Company shall not be responsible for the installation, operation or maintenance of any Customer-provided communications equipment. Where such equipment is connected to the Services furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of Services under this tariff and to the maintenance and operation of such Services in the proper manner. Subject to this responsibility, the Company shall not be responsible for:

- (1) the through transmission of signals generated by Customer-provided equipment or for the quality of, or defects in, such transmission; or
- (2) the reception of signals by Customer-provided equipment; or
- (3) network control signaling where such signaling is performed by Customer-provided network control signaling equipment.

2.2 Prohibited Uses

The Services shall not be used for any unlawful purposes.

Issued: June 12, 2003

Effective:

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Motion Telecom, Inc.
7101 South Fulton Street #200
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(303) 784-5300

MOTION TELECOM, INC.

2. REGULATIONS (Cont'd)

2.3 Obligations of the Customer

2.3.1 Customer Premises Provisions

- (A) The Customer shall provide the personnel, power and space required to operate all facilities and associated equipment installed on the premises of the Customer.
- (B) The Customer shall be responsible for providing Company personnel access to premises of the Customer at any reasonable hour for the purpose of testing the facilities or equipment of the Company.

2.3.2 Liability of the Customer

The Customer will be liable for damages to facilities of the Company caused by negligence or willful acts of its officers, employees, agents or contractors of the Customer.

The Customer shall indemnify, defend and hold harmless the Company (including the costs of reasonable attorney's fees) against:

Claims for libel, slander infringement of copyright or unauthorized use of any trademark, trade name or service mark arising out of the material, data, information, or other content transmitted over the Company's facilities or equipment; and

Claims for patent infringement arising from combining or connecting the Company's facilities or equipment with facilities, equipment, apparatus or systems of the Company; and

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Motion Telecom, Inc.
7101 South Fulton Street #200
Englewood, CO 80112
(303) 784-5300

MOTION TELECOM, INC.

2. REGULATIONS (Cont'd)

2.3.3 Liability of the Customer(Cont'd)

All other claims (including, without limitations, claims for damage to any business or property, or injury to, or death of, any person) arising out of any act or omission of the Customer, or the Customer's agents, Customers, in connection with any service or facilities or equipment provided by the Company.

The Customer will be liable for damages to the facilities of the Company and for all incidental and consequential damages caused by the negligent or intentional acts or omissions of the Customer, its officers, employees, agents, invitees, or contractors where such acts or omissions are not the direct result of the Company's negligence or intentional misconduct.

2.3.4 Credit Requirements and Deposit Information for Long Distance Services

Any Customer determined to be "high risk" for poor credit history requires a minimum deposit, which varies.

If the Company has disconnected a Customer's Services, the Company may request that Customer to pay in advance for any of the Services based on a good faith estimate of traffic volumes. At the Company's discretion, a deposit of three (3) month's average estimated call volume may be required and may be reimbursed upon establishing prompt payment history.

Issued: June 12,2003

Effective:

Issued by:
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3. REGULATIONS (Cont'd)

2.3 Obligations of the Customer (Cont'd)

2.3.3 Credit Requirements and Deposit Information for Long Distance Service
(Cont'd)

The Company handles complaints regarding transmission or network problems immediately via "trouble tickets" issued to the underlying Local Exchange Carriers and InterExchange Carriers. The Company follows up with Customers to insure the problems have been corrected. Problems stemming from charges or credits owed are also handled during regular business hours. All Customers may reach The Company through our toll free line 1-800-864-4306. Should Customers feel they have been overcharged or misrepresented and have documented proof of rates offered, the Company will credit all overcharges. The Company will make reasonable efforts to honor all rates. If it is determined the rates offered are unreasonable and / or unprofitable, The Company may pay the charges to convert the Customer to their previous carrier.

The Company practices "standard" rate programs for all customers. In the event the Company was to provide a "non-standard" rate program, the Company would file an additional tariff in the appropriate state in which the Customer does business or resides and any other applicable states.

2.4 Use of Service

Long Distance Telecommunications Service may be used to transmit communication of the Customer in a manner consistent with the terms of this tariff and the policies and regulations of the Federal Communications Commission and state public utilities commissions, as applicable.

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2. REGULATIONS (Cont'd)

2.4 Use of Service (Cont'd)

Use of Long Distance Telecommunications Service is considered an order for such Services.

The Customer shall be solely responsible, at its own expense, for Customer-provided equipment and services. The Customer shall be solely responsible for the overall design of its services and for any redesigning or rearrangement of its equipment or services that may be required because of changes in Company Services, operations or procedure, or changes in the minimum protection criteria or operating or maintenance characteristics of the Customer's equipment or services. The Company will provide reasonable notification to the Customer of any Company-initiated change that may require a change in Customer-provided equipment and services.

The Customer, authorized user, or joint user is responsible for ensuring that Customer-provided equipment connected to network equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltage and currents impressed on Customer-provided equipment and wiring by the connection, operation or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or the Customer-provided equipment and wiring, or injury to the Company employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense. The Customer shall provide the personnel, power and space required to operate all facilities and associated equipment installed on the premises of the Customer.

The Customer shall be responsible for providing Company personnel access to premises of the Customer at any reasonable hour for the purpose of testing the facilities or equipment of the Company.

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2. REGULATIONS (Cont'd)

2.4 Use of Service (Cont'd)

The signing of a service order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth in this tariff. Should a customer use the Company's Services without a service order, the Company may require that the Customer execute a written service order within a reasonable time from the inception of service. Customers using the Company's Services without an executed service order agree to comply with the general regulations and other provisions contained in this tariff.

2.5 Customer Equipment and Channels for Long Distance Services

2.5.1 Interconnection of Facilities

- (A) Interconnection between Customer-provided and Company-provided service must be made by the Customer by leased channel or dial-up service. Where interconnection between Customer-provided and Company-provided service is not made by lease of Company facilities, interconnection must be made by the Customer at the Company's operating offices. Leased channels from the Company for Long Distance Telecommunications Services are not covered by this tariff.
- (B) In order to protect the Company's facilities and personnel and the Services furnished to other customers by the Company from potentially harmful effects, the signals applied to the Company's Services shall be such as not to cause damage to the facilities of the Company. Any special interface equipment necessary to achieve the compatibility between facilities of the Company and the channels or facilities of others shall be provided at the Customer's expense.

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2. REGULATIONS (Cont'd)

2.5 Customer Equipment and Channels for Long Distance Services (Cont'd)

2.5.2 Inspections

- (A) The Company may, upon notification of the Customer, at a reasonable time, make such tests and inspections as may be necessary to determine that the requirements regarding the equipment and interconnections are being complied with in the installation, operation and maintenance of Customer-provided equipment and in the wiring of the connection of Customer channels to Company-owned facilities.
- (B) If the protective requirements in connection with Customer-provided equipment are not being complied with, the Company may take such action as necessary to protect its facilities and personnel and will notify the Customer by registered mail in writing of the need for protective action. In the event that the Customer fails to advise the Company within ten (10) days after such notice is received, or within the time specified in the notice, that corrective action has been taken, the Company may take whatever additional action is deemed necessary, including the suspension of Services, to protect its facilities and personnel from harm. The Company will, upon request 24 hours in advance, provide Customer with a statement of parameters that the Customer's equipment must meet.

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2. REGULATIONS (Cont'd)

2.6 Payment Arrangements

2.6.1 Payment for Services

The Customer is responsible for payment of all charges for facilities and Services furnished by the Company. Federal, state and local sales, use and excise taxes, where applicable, shall be added to the charges contained herein. It shall be the responsibility of the Customer to pay these taxes and to accept the liability of any such unpaid taxes that may subsequently become applicable retroactively.

2.6.1.1 Long Distance Services

- (A) Most Customers are billed monthly on a net 15 or net 30-day cycle. If the Customer's net bill is not paid (payment received by the Company) within thirty (30) days after the invoice date listed on the bill, it shall become a delinquent bill and interest at the highest rate allowed by law per month shall accrue upon any unpaid amount. In some cases, including Dedicated Long Distance Services, Customers may be required to pay for these Services in advance. If the Company initiates legal proceedings to collect any amount due hereunder, and the Company substantially prevails in such proceedings, then the defendant Customer shall pay the reasonable attorneys' fees and costs of the Company in prosecuting such proceedings and appeal therefrom.
- (B) Online billing is available for all rate plans. There is no monthly service fee assessed to customer accounts utilizing online billing.
- (C) The Customer will be assessed a charge of twenty-five dollars (\$25.00) for each check submitted by the Customer to the Company which a financial institution refuses to honor for insufficient funds or non-existent account.

Issued: June 12, 2003

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3. REGULATIONS (Cont'd)

2.6 Payment Arrangements (Cont'd)

2.6.1.1 Long Distance Services (Cont'd)

- (D) Customers are responsible for any previously unbilled charges for Services furnished prior to three months immediately preceding the date of the bill, except for collect calls, credit card calls, third party calls and "Error File" calls (those which cannot be billed due to the unavailability of complete billing information to the Company) which shall have a six-month back billing period. In case of fraud, a back billing period of no more than three years will apply.
- (E) Customers may be required to sign agreements for a minimum twelve-month term agreement for certain Long Distance rate plans. Penalties and cancellation fees will be assessed if Services are terminated prior to the term expiration dates agreed upon.

2.6.2 Discontinuance of Service for Cause

Upon non-payment of any sum owing to the Company for more than 30 days beyond the date of rendition of the bill for service or upon violation of any of the terms or conditions governing the furnishing of service under this tariff, the Company may, after 24 hours advance notice in writing to the Customer, without incurring any liability, discontinue the furnishing of Services under this tariff.

These restrictions on Long Distance Telecommunications Services may include, but are not limited to, the following: The Company may withhold the use of a specific 800 number or deny its transfer to another carrier for nonpayment of charges due as specified in 2.6.1 "Payment for Services" preceding. Such action may be taken without written notice being sent to the Customer. Upon payment of charges in full by the Customer, this restriction on the use of a specific 800 number will be removed.

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2. REGULATIONS (Cont'd)

2.6 Payment Arrangements (Cont'd)

2.6.3 Prepaid Calling Card Services

A Prepaid Calling Card Service account is decreased only for a completed call. Station busy signals and unanswered calls shall not be considered completed calls and shall not be charged against the account.

A surcharge will not be levied more than once on a given call.

Domestic rates and surcharges will be disclosed at the time of purchase.

Upon verbal or written request, the Company will provide the following call detail data information at no charge:

- a) Dialing and signaling information that identifies the inbound access telephone number called;
- b) The number of originating telephone;
- c) The date and time the call originated;
- d) The date and time the call terminated;
- e) The called telephone number;
- f) The PIN and/or account number associated with the call.

The Company will maintain call detail data records for at least two years.

2.7 Definitions

Access Line: A transmission path that connects a Customer premise to a Local Exchange Carrier's Central Office.

Call: A completed connection established between a calling station and one or more called stations.

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2. REGULATIONS (Cont'd)

2.7 Definitions (Cont'd)

Called Station: The station (i.e. telephone number) called, or the terminating point of call.

Calling Card: Service provided to customer will access to intrastate, interstate and international calling by dialing a Toll Free number and entering a customer specific access code.

Company: The term "Company" denotes Motion Telecom, Inc.

Customer: The person or legal entity which orders long distance service (either directly or through an agent) or is responsible for payment of tariff charges for services furnished to that Customer.

Customer Dialed Calling Card Station: A Calling Card call, which does not require intervention by an attended operator position to complete.

Customer Dialed/Automated: Calls wherein the end user dials "0" plus the called number and chooses to bill the call to a calling card or the called number (collect call) and wherein call placement and recordation of billing information if performed without the assistance of a live operator.

Operator Assisted: Calls wherein the end user dials "0" plus the called number and, with the assistance of an operator, chooses to bill the call to a third party number to provide billing and collection services on behalf of its customers, including the Company.

Operator Station: Services, other than Customer Dialed Calling Station service and person-to person service, which require the assistance of an operator to complete the call.

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2. REGULATIONS (Cont'd)

2.7 Definitions (Cont'd)

Online Billing: Billing and account management with secure and private access through the Internet. Payment by credit card and electronic funds transfer is available.

Person-to-Person: Service for which the person originating the call specifies to the operator a particular person, mobile station, department, extension, or office to be reached.

Premises: A building on continuous property not separated by a public thoroughfare.

Prepaid Calling Card: A card or any other device purchased to establish a Prepaid Calling Services account.

Prepaid Calling Services: Any telecommunications transaction in which a) a customer pays in advance for telecommunications services; b) the customer's prepaid calling services account is depleted at a predetermined rate as the customer uses the service; and c) the customer must use a PIN and an access telephone number to use the telecommunications services.

United States: The term "United States" designates the forty-eight (48) contiguous states and the District of Columbia, Hawaii, Alaska, Puerto Rico, the U.S. Virgin Islands and Guam, as well as the off-shore areas outside the boundaries of the coastal states of the forty-eight contiguous states to the extent that such areas appertain to and are subject to the jurisdiction and control of the United States.

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MOTION TELECOM, INC.

3. SERVICE OFFERINGS

3.1 Intrastate Long Distance Telecommunications Service

3.1.1(a) Description of Services

Intrastate Long Distance Telecommunications Service consists of the furnishing of switched and dedicated telephone service between points within the State of Arizona. Interstate Long Distance Telecommunications Service consists of the furnishing of switched and dedicated telephone service between points within the United States Mainland; and between the Mainland and Alaska and Hawaii, Puerto Rico, U.S. Virgin Islands and Guam. Such services are available twenty-four (24) hours a day, seven (7) days a week.

The Company maintains its headquarters in Englewood, Colorado.

3.1.1(b) Explanation of Rates For Intrastate Long Distance Telecommunications Service

The rates for the Company's Intrastate Long Distance Telecommunications Service will depend on the length of the call. Rates are "flat" rated and apply to all contiguous Arizona and contiguous U.S. calls regardless of distance. Non-mainland U.S. calls are charged by destination and are also "flat" rated. The following Rate Schedule in Section 4 represents the maximum applied rate for all Services.

Rates do not change based on the time-of-day or the day-of-week that calls are made.

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3 SERVICE OFFERINGS (Cont'd)

3.1 Intrastate Long Distance Telecommunications Service (Cont'd)

3.1.1(c) Operator Service

The appropriate per minute rate as described in Section 4 will apply plus a call placement charge added to the first minute of each call as shown in Section 4. An operator- dialed surcharge will be applied, if necessary.

3.1.1(d) Class of Service

The Company provides the following classes of Services:

Direct Dial

Toll Free Service

The Business Cents Plan and the Penny Plan have one year terms with a ninety (90) day advance notice prior to end of term. If no notice is given, the plans automatically renew for an additional one year term. Early termination penalties will be based on the monthly minimum charges multiplied by the number of remaining months on the contract.

Dedicated Service. Dedicated Service is a heavily discounted service for large-volume users of long distance and is used by business Customers only. Rates are described in Section 4.

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3 SERVICE OFFERINGS (Cont'd)

3.1 Intrastate Long Distance Telecommunications Service (Cont'd)

3.1.1(d) Class of Service (Cont'd)

Calling Card. Calling Card Service is provided to Customer for access to intrastate, interstate and international calling by dialing a Toll Free number and entering a Customer specific access code. Rates are described in Section 4.

Toll Free Miscellaneous Services

Toll Free Vanity Numbers -All Toll Free numbers generated as a result of a customer request for specific numbers.

Toll Free Directory Assistance Listings – Listing a Toll Free number in the National Toll Free Directory.

Account Codes - Codes that users can assign in association with whatever they want to track their long distance usage against, such as a project, a department, a division or a customer. When a long distance call is dialed, the caller must enter the code before the call can be completed. Account codes provide users with the ability to track usage for all long distance calls and provide security for all locations. Account codes are one to five digits in length and are always entered after the telephone number that the caller is dialing. Verified account codes are always validated in the network before the call is allowed to complete. Unverified account codes are not validated in the network before the call is allowed to complete.

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3 SERVICE OFFERINGS (Cont'd)

3.1 Intrastate Long Distance Telecommunications Service (Cont'd)

3.1.1(d) Class of Service (Cont'd)

Prepaid Calling Card Services - Prepaid calling cards provide customers with the ability to prepay for long distance calling cards, which are utilized to place calls to both domestic and international locations.

Prepaid Calling Card Services are billed in sixty (60) second initial increments and sixty (60) second additional billing increments.

The prepaid calling cards are measured in minutes or units depending on the type of card purchased. Balances will be reduced and depleted based upon usage.

A verbal warning is provided to the caller when the amount of units remaining on the card reaches a certain level. A call will be disconnected upon depletion Customer of all available units on the card. The acquisition of a card will entitle the Customer to make calls from the time of purchase until the card balance is either depleted or until the card expires, whichever, occurs first.

Calls must originate in a U.S. Territory and do not support International origination. Cards cannot be used to place 700, 900, or 976 number calls. Prepaid calling cards cannot be used to place certain toll-free, operator-assisted, third party billed, or collect calls.

Prepaid calling cards expire ninety (90) days from the date of activation. Once a card expires or is depleted, the card no longer holds any value. Prepaid calling cards are non-returnable, non-refundable, and non-rechargeable.

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3 SERVICE OFFERINGS (Cont'd)

3.1 Intrastate Long Distance Telecommunications Service (Cont'd)

3.1.2 Billing Increments

Group V, K59, K69, VG4, VG5, Bi-Lo, Passport, Dollar Saver, K31, K35, K39, MD01-02, MD03-07 rate plans are billed in 30 to 60 second minimums and 60 second rounding thereafter.

Motion Connect Outbound, Toll Free and Calling Card are billed in 60-second initial increments and 60-second additional billing increments.

Univance Outbound, Toll Free and Calling card (Business/Residential) are billed in 30-second initial increments and 6-second additional billing increments.

Affinity Outbound, Toll Free and Calling Card are billed in 30-second initial increments and 30-second additional billing increments.

UniVoice Outbound, Toll Free and Calling Card are billed in 60-second initial increments and 30-second additional billing increments.

UniBiz and Convergent 5.0 Dedicated Outbound and Toll Free are billed in 6-second initial increments with a minimum 6-second per call.

Business Cents Plan and Penny Plan are billed in 6-second rounding increments with a minimum 6-second per call.

Motion Connect Outbound Long Distance Service is available to Customers in both Regional Bell Operating Company (RBOC) and Non-RBOC locations. Some Univance Residential and Business, UniVoice Residential/Business and Affinity Residential Outbound Long Distance Services are only available in RBOC areas.

UniVoice is sold as a bundled product offering.

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4. RATES

4.1.1 Intrastate Rate Programs

(a) Switched Outbound Access Intrastate Rates

• Group V	18.5	cents/min
• K59	15.88	cents/min
• K69	17.8	cents/min
• K59B	15.38	cents/min
• VG4	20.20	cents/min
• VG5	20.20	cents/min
• Bi-Lo	16.8	cents/min
• Passport	16.75	cents/min
• Dollar Saver	16.2	cents/min
• Motion Connect 4.5 – Residential	17.0	cents/min
• Univance 4.5 LD – Residential	17.5	cents/min
• Affinity – Residential	19.1	cents/min
• Univance 4.5 LD – Business	17.5	cents/min
• UniVoice Residential/Business	25.0	cents/min
• Business Cents Plan	13.0	cents/min
• Penny Plan	13.0	cents/min

(b) Dedicated Outbound Intrastate Service Rates

• K31, K35, K39	10.5	cents/min
• K31B, K35B, K39B	9.35	cents/min
• MD01-02	9.4	cents/min
• MD03-07	10.13	cents/min
• UniBiz 3.5 – Business	14.2	cents/min
• Convergent 5.0 – Business	14.2	cents/min

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4. RATES (Cont'd)

4.1.1 Intrastate Rate Programs (Cont'd)

- (c) Calling Card Intrastate Service Rates
- | | | |
|-----------------------|------|-----------|
| • Group V, K59, K69 | 18.0 | cents/min |
| • K59B, K69B | 13.5 | cents/min |
| • VG4, VG5, Passport | 17.9 | cents/min |
| • Bi-Lo, Dollar Saver | 13.9 | cents/min |
- (d) Switched Access Toll Free Intrastate Service Rates
- | | | |
|--|-------|-----------|
| • Group V | 18.5 | cents/min |
| • K59 | 15.88 | cents/min |
| • K69 | 17.8 | cents/min |
| • K59B, K69B | 15.88 | cents/min |
| • VG4, VG5 | 20.20 | cents/min |
| • Bi-Lo | 16.8 | cents/min |
| • Passport | 16.75 | cents/min |
| • Dollar Saver | 16.2 | cents/min |
| • Motion Connect 4.9 Toll Free – Residential | 17.7 | cents/min |
| • Univance 5.5 Toll Free - Residential | 18.4 | cents/min |
| • Affinity – Residential | 19.8 | cents/min |
| • Univance 4.9 Toll Free – Business | 18.4 | cents/min |
| • UniVoice Residential/Business | 25.0 | cents/min |
- (e) Dedicated Access Toll Free Intrastate Service Rates
- | | | |
|-----------------------------|-------|-----------|
| • K31, K35, K39 | 10.5 | cents/min |
| • K31B, K35B, K39B | 8.7 | cents/min |
| • MD01-02 | 9.4 | cents/min |
| • MD03-07 | 10.13 | cents/min |
| • UniBiz 3.5 – Business | 14.2 | cents/min |
| • Convergent 5.0 – Business | 14.2 | cents/min |

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4. RATES (Cont'd)

4.1.2 New Intrastate Long Distance Rate Programs (Cont'd)

e) Calling Card Intrastate Rates (Cont'd)

- | | | |
|---|------|-----------|
| • Motion Connect | 9.0 | cents/min |
| • Univance 9.5 Calling Card – Residential | 9.9 | cents/min |
| • Univance 9.5 Calling Card – Business | 9.5 | cents/min |
| • UniVoice Residential/Business | 10.0 | cents/min |

4.1.3(a) Monthly Fees, Service Charges and Surcharges

Monthly Fees

- | | |
|--|--------------------|
| • Switched Access, Toll Free, Calling Card
Motion Connect, Univance Residential/Business
per Monthly Service Fee month/account | \$ 2.95 |
| • Affinity Monthly Service Minimum month per/account | \$ 2.95 |
| • UniVoice Residential Monthly Service Minimum
month/account | \$ 3.95 |
| • UniVoice Business Monthly Service Minimum
month/account | \$15.95 |
| • Business Cents Plan per account | \$15.00 |
| • Penny Plan 1 st and 2 nd line
Penny Plan additional line/per line | \$10.00
\$ 7.00 |
| • Toll Free Monthly Service Fee | \$ 0.99 |
| • Dollar Saver Monthly Service Fee | \$ 3.95 |

Service Charges

- | | |
|--|-------------|
| • Universal Service Fund Charge (USF) per month | As required |
| • Operator Assisted Service Charge (per call) | \$ 0.35 |
| • Switched Access Outbound
PICC Charge month/per line | As required |

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4. RATES (Cont'd)

4.1.3(a) Monthly Fees, Service Charges and Surcharges (Cont'd)

Surcharges

- Payphone Surcharge (Switched Access
Toll Free/Calling Card) for Motion
Residential/Business, Motion Connect,
Affinity \$ 0.43 per call
- Payphone Surcharge Calling Card Only
UniVoice Residential/Business \$ 0.43 per call
- Directory Assistance Surcharge for all plans \$ 0.30 per call
- Business Cents Plan and Penny Plan
Monthly Direct Billing Surcharge per invoice \$ 2.00

4.1.3(c) Dedicated Outbound and Toll Free Long Distance Services

(1)The minimum monthly usage charge varies per commitment per circuit. A short fall of the difference will be assessed monthly per account.

Local access fees into Local Exchange Carrier's (LEC) Point of Presence (POP) will be assessed monthly per circuit. These fees are distance sensitive and will vary based on the LEC provider.

If local loop is provided through an outside vendor an entrance facility charge will be assessed monthly per circuit. This charge will vary based on the LEC provider.

- Universal Service Fund Charge (USF) As required
- Payphone Surcharge \$ 0.43 per call

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4. RATES (Cont'd)

(2) Change Fees for Dedicated Long Distance Service

- Administrative Changes \$25.00
- Change of Service Date \$125.00
- Change of Service Order
 - Pre-Engineered \$150.00
 - Post-Engineered \$250.00
- Order Cancellation
 - Pre-Engineered \$150.00
 - Post-Engineered \$250.00

4.1.3 (f) Toll Free – Miscellaneous Services (per Toll Free number)

- Dedicated/Switched Vanity Numbers \$35.00 Non Recurring Charge
- Dedicated/Switched Directory Assistance Listing \$25.00 Non Recurring Charge

4.1.3 (g) Account Codes (Per Customer Account)

(1) Non-Recurring Charge

Dedicated / Switched Verified Account Codes
(1-1000 per account) \$10.00

(2) Monthly Recurring Charge

Switched Non-Verified Account Codes \$15.00
Dedicated Non-Verified Account Codes \$20.00
Dedicated / Switched Verified Account Codes
(1-100 per account) \$15.00
Dedicated / Switched Verified Account Codes
(101-1000 per account) \$30.00

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4. RATES (Cont'd)

4.1.3 (g) Account Codes (Per Customer Account) (Cont'd)

(3) <u>Charges incurred for a Change of Service</u>		
Switched Non-Verified Account Codes		\$10.00
Dedicated Non-Verified Account Codes		\$10.00
Dedicated / Switched Verified Account Codes (1-100 per account)		\$10.00
Dedicated /Switched Verified Account Codes (101-1000 per account)		\$10.00

4.1.4 Prepaid Calling Cards

1) Prepaid Calling Cards

• Domestic Cards		
60 Minutes	\$3.99 /card	\$.067 cents/min
120 Minutes	\$6.99 /card	\$.058 cents/min
250 Minutes	\$11.99 /card	\$.048 cents/min
500 Minutes	\$19.99 /card	\$.040 cents/min
• Calls terminating in Alaska and Hawaii		
		\$.09 cents/min
• Calls terminating a Toll Free number		
		\$.068 cents/min
• International Cards		
Domestic Rate		\$.048 cents/min

2) Service Charges

• Payphone surcharge	\$.75 per call
• Directory Assistance Charge	\$.75 per call

Issued: June 12,2003

Effective:

Issued by:
Victor Mitchell, CEO
Motion Telecom, Inc.
7101 South Fulton Street #200
Englewood, CO 80112
(303) 784-5300

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

☐ Yes

☒ No

(A-14) Is applicant willing to post a Performance Bond? Please check appropriate box(s).

☐ For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

☐ Yes

☒ No

If "No", continue to question (A-15).

☐ For Local Exchange Resellers, a \$25,000 bond will be recommended.

☐ Yes

☐ No

If "No", continue to question (A-15).

☐ For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

☐ Yes

☐ No

If "No", continue to question (A-15).

☐ For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

☐ Yes

☐ No

If "No", continue to question (A-15).

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

(A-15) If No to any of the above, provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the applicant's superior financial position limits any risk to Arizona consumers. Please see page 14 of tariff.

Advantage Advisory Service Inc., the parent company, has been profitable for over 12 years. Advantage Advisory Service has substantial capital available to grow and meet the needs of Motion Telecom, Inc.

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the applicant is requesting authority to provide service.

Note: Prior to issuance of the CC&N, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C". Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication).

**NOTICE OF APPLICATION FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE
RESOLD INTEREXCHANGE TELECOMMUNICATIONS
SERVICES BY MOTION TELECOM, INC.**

Motion Telecom, Inc. ("Applicant") has filed with the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity (Certificate") to provide competitive resold interexchange telecommunications services in the State of Arizona. Applicant will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission.

A.R.S. § 40-282 provides that the commission may act on an application for a Certificate to provide resold telecommunications services without a hearing, or with a hearing, if one is requested by any party. Applicant or any other party must request a hearing within twenty (20) days of the date of this notice, or the Commission will rule on the application without a hearing.

The application, report of the Commission's Utilities Division Staff, and any written exceptions to the Staff report prepared by this applicant are available for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona, 85007, and at Applicant, 7101 South Fulton Street, Suite 200, Englewood, CO 80112.

Under appropriate circumstances, interested parties may intervene in the proceedings, and participate as a party. Intervention shall be in accordance with the A.A.C. R 14-3-105, except that all motions to intervene must be filed on or within twenty (20) days of the date of this notice. You may have the right to intervene in the proceedings, or you may make a statement for the record. If you have any comments, mail them to:

The Arizona Corporation Commission
Attention Docket Control
Re: Motion Telecom, Inc.
(Enter Docket Number)
1200 West Washington Street
Phoenix, Arizona 85007

All comments should be received within twenty (20) days of the date of this notice.

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in the State of Arizona:

☒

Yes

☐

No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

MCI Worldcom
Sprint

Level 3

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona:

Currently applying for registration
in all 50 states.

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona.

(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

☐

Yes

☒

No

If "No," explain why and give the date on which the Applicant began operations.

April 3, 2003 - start up of Corporation in the State of Colorado. Startup financials of Motion Telecom, Inc. and financials of holding company, Advantage Advisory Service, Inc. are attached.

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.

Motion Telecom, Inc.

SUMMARY BALANCE SHEET
3/31/2003

Assets

Equipment	185,112
Addl Equipment	25,000
Cust Base	2,530,061
Accounts Receivable	1,358,079
Total Assets	<u>4,098,252</u>

Liabilities

Accounts Payable	625,000
Due to AW	2,690,173

Capital

100,000 authorized	
50,000 issued	50,000
Retained Earnings	733,079
Total Liab /Cap	<u>4,098,252</u>

MOTION TELECOM, INC.

On April 4, 2003, Motion Telecom, Inc. (Motion) acquired substantially of the assets of Univance Telecommunications, Inc. (Univance) in a Section 363(b) Bankruptcy sale. Motion Telecom, Inc. entered into a Management Agreement with Univance, which provides that Motion is the manager of Univance's business until receiving the necessary regulatory approvals. Motion shall transfer the customers in Arizona and other states in accordance with the applicable laws and regulations.

The total gross revenue for Arizona in 2002 for Univance was \$833,000, which is Motion's projected total revenue for 2003.

7101 South Fulton Street, Suite 200
Englewood, CO 80211
303-784-5300
www.motiontelecom.com

Jan 2002 through Dec 2002 Gross Revenue

STATE	SUM OF MONTH CHARGES EXL	SUM OF MONTH CHARGES CAS	GRAND TOTAL
AK	495.24	-	495.24
AL	75,387.71	-	75,387.71
AR	25,883.12	-	25,883.12
AZ	833,118.41	-	833,118.41
BC	13.17	-	13.17
CA	5,575,575.24	56,352.00	5,631,927.24
CO	2,689,880.19	172,166.57	2,862,046.76
CT	75,831.19	-	75,831.19
DC	15,302.06	-	15,302.06
DE	19,247.40	-	19,247.40
FL	989,980.25	22,605.06	1,012,585.31
GA	143,061.59	-	143,061.59
HI	3,602.08	-	3,602.08
IA	348,039.63	-	348,039.63
ID	23,853.45	-	23,853.45
IL	667,401.02	185,877.93	853,278.95
IN	97,261.31	-	97,261.31
KS	49,184.49	-	49,184.49
KY	21,815.76	-	21,815.76
LA	51,129.17	-	51,129.17
MA	148,652.96	34,366.46	183,019.42
MD	132,242.70	-	132,242.70
ME	8,794.66	-	8,794.66
MI	260,000.69	-	260,000.69
MN	491,488.47	-	491,488.47
MO	89,671.11	-	89,671.11
MS	13,766.38	-	13,766.38
MT	24,120.35	-	24,120.35
NC	37,646.79	301,597.44	339,244.23
ND	10,021.27	-	10,021.27
NE	49,651.41	-	49,651.41
NH	20,430.81	-	20,430.81
NJ	252,006.47	3,441,735.54	3,693,742.01
NM	57,175.09	-	57,175.09
NV	101,210.18	-	101,210.18
NY	546,646.99	4,258.54	550,905.53
OH	174,322.35	-	174,322.35
OK	13,730.66	341,080.52	354,811.18
ON	157.80	-	157.80
OR	106,334.25	-	106,334.25
PA	206,494.43	-	206,494.43
PQ	247.28	-	247.28
RI	9,360.94	-	9,360.94
SC	22,790.12	-	22,790.12
SD	39,489.59	-	39,489.59
TN	38,242.39	-	38,242.39
TX	739,652.89	(42,381.94)	697,270.95
UT	47,059.53	-	47,059.53
VA	222,964.14	56,239.57	279,203.71
VI	338.21	-	338.21
VT	2,690.00	-	2,690.00
WA	1,045,583.50	408,793.82	1,454,377.32
WI	171,669.47	-	171,669.47
WV	6,429.50	-	6,429.50
WY	5,712.77	-	5,712.77
	<u>16,802,858.63</u>	<u>4,982,691.51</u>	<u>21,785,550.14</u>

Consolidated Financial Statements and
Report of Independent Certified Public Accountants
Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless
December 31, 2002 and 2001

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Advantage Advisory Services, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheet of Advantage Advisory Service, Inc. and subsidiary as of December 31, 2002, and the related consolidated statements of earnings, stockholders' equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. The consolidated financial statements of Advantage Advisory Service, Inc. and subsidiary as of and for the year ended December 31, 2001, were audited by other auditors whose report dated February 22, 2002, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Advantage Advisory Service, Inc. and subsidiary as of December 31, 2002, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Denver, Colorado
February 28, 2003

1600 Broadway, Suite 1800
Denver, CO 80202
Tel: 303 861-5555
Fax: 303 839-5711 Audit
Fax: 303 839-5701 Tax

Grant Thornton LLP
US Member of Grant Thornton International

Consolidated Financial Statements

Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless

CONSOLIDATED BALANCE SHEETS

December 31, 2002 and 2001

	2002	2001
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,476,054	\$ 5,316,026
Accounts receivable - trade, net of allowance of \$15,000 and \$50,000, respectively	2,931,487	4,474,861
Accounts receivable - other	148,106	757,038
Inventory	3,404,673	1,663,379
Income taxes receivable	252,179	-
Note receivable	235,594	-
Deferred income taxes	156,967	-
Other current assets	458,806	397,484
Total current assets	14,063,866	12,608,788
Property and equipment, net of accumulated depreciation of \$633,064 and \$526,363, respectively	799,462	603,935
Shareholder receivable	136,000	-
Advances to shareholder	-	1,375,000
Note receivable	-	326,544
Total assets	<u>\$ 14,999,328</u>	<u>\$ 14,914,267</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 697,127	\$ 1,359,491
Accrued commissions payable	1,512,834	2,614,413
Other accrued liabilities	353,633	147,670
Dividends payable	-	208,988
Deferred income taxes	-	42,000
Current portion of long-term debt	1,890,000	2,195,809
Total current liabilities	4,453,594	6,568,371
Long-term debt, net of current portion	5,985,000	7,228,953
Stockholders' equity:		
Common stock, no par value:		
Class A - 50,000,000 shares authorized; 24,560,000 shares issued and outstanding in 2002 and 2001	37,000	37,000
Class B Super - 50,000,000 shares authorized; 8,662,500 shares issued and outstanding in 2002 and 2001 (\$.10 per share annual dividend, aggregate liquidation preference of \$10,500,000)	-	-
Unearned ESOP shares	(7,451,398)	(9,424,762)
Retained earnings	11,975,132	10,504,705
Total stockholders' equity	4,560,734	1,116,943
Total liabilities and stockholders' equity	<u>\$ 14,999,328</u>	<u>\$ 14,914,267</u>

The accompanying notes are an integral part of these consolidated financial statements.

Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31,

	2002	2001
Revenue		
Activation revenue	\$ 20,422,650	\$ 29,746,701
Equipment sales	29,479,790	22,639,365
Advertising and other revenue	2,749,004	4,883,349
Total revenue	52,651,444	57,269,415
Operating expenses		
Commission expense	15,534,756	21,331,234
Cost of equipment sales	26,691,596	20,734,094
Other operating costs	624,946	3,161,493
Selling, general, and administrative	1,290,771	1,192,695
Salaries and benefits	1,956,363	2,326,155
Legal and professional	856,645	1,093,244
Shareholder compensation	379,894	887,131
Depreciation	296,381	211,624
ESOP contribution	1,713,376	1,075,238
Total operating expenses	49,344,728	52,012,908
Net earnings from operations	3,306,716	5,256,507
Other income (expense)		
Interest income	91,130	156,905
Interest expense	(350,438)	-
Total other income (expense), net	(259,308)	156,905
Earnings before provision for income taxes	3,047,408	5,413,412
Provision for income taxes	1,291,754	2,015,000
Net earnings	<u>\$ 1,755,654</u>	<u>\$ 3,398,412</u>

The accompanying notes are an integral part of these consolidated financial statements.

Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 2002 and 2001

	Common stock				Unearned ESOP shares	Retained earnings	Total stockholders' equity
	Series A		Series B				
	Shares	Amount	Shares	Amount			
Balance at January 1, 2001	24,560,000	\$ 37,000	8,662,500	\$ -	\$ -	\$ 7,106,293	\$ 7,143,293
Purchase of ESOP shares	-	-	-	-	(10,500,000)	-	(10,500,000)
ESOP shares allocated	-	-	-	-	1,075,238	-	1,075,238
Net earnings	-	-	-	-	-	3,398,412	3,398,412
Balance at December 31, 2001	24,560,000	37,000	8,662,500	-	(9,424,762)	10,504,705	1,116,943
ESOP shares allocated	-	-	-	-	1,973,364	(206,468)	1,766,896
Dividends on allocated ESOP shares	-	-	-	-	-	(78,759)	(78,759)
Net earnings	-	-	-	-	-	1,755,654	1,755,654
Balance at December 31, 2002	24,560,000	\$ 37,000	8,662,500	\$ -	\$ (7,451,398)	\$ 11,975,132	\$ 4,560,734

The accompanying notes are an integral part of these consolidated financial statements.

Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2002	2001
Cash flows from operating activities:		
Net earnings	\$ 1,755,654	\$ 3,398,412
Adjustments to reconcile earnings to net cash provided by operating activities		
Depreciation	296,381	211,624
Deferred income taxes	(198,967)	9,876
ESOP shares allocated	1,766,896	-
Dividends on allocated ESOP shares	(78,759)	-
Loss on disposal of assets	-	2,859
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable - trade	1,543,374	(893,866)
Decrease in accounts receivable - other	608,932	699,903
Increase in inventory	(1,741,294)	(607,042)
Increase in income taxes receivable	(252,179)	-
Increase in other current assets	(61,322)	(171,059)
Decrease (increase) in note receivable	90,950	(173,215)
Decrease in accounts payable	(662,364)	(958,522)
Increase (decrease) in accrued commissions payable	(1,101,579)	1,485,529
Increase (decrease) in dividends payable	(208,988)	208,988
Increase (decrease) in other accrued liabilities	205,963	(480,974)
Net cash provided by operating activities	1,962,698	2,732,513
Cash flows from investing activities		
Advances to shareholder, net	1,239,000	(125,000)
Purchases of equipment	(491,908)	(436,232)
Net cash provided by (used in) investing activities	747,092	(561,232)
Cash flows from financing activities		
Principal payments on long term debt	(1,549,762)	-
Net cash used in financing activities	(1,549,762)	-
Increase in cash and cash equivalents	1,160,028	2,171,281
Cash and cash equivalents, beginning of year	5,316,026	3,144,745
Cash and cash equivalents, end of year	\$ 6,476,054	\$ 5,316,026
Supplemental cash flow information		
Cash paid for interest	\$ 350,438	\$ -
Cash paid for taxes	1,679,792	1,787,364
Supplemental disclosure of noncash investing and financing activities:		
Purchase of unearned ESOP shares with proceeds from note payable	\$ -	\$ 10,500,000

The accompanying notes are an integral part of these consolidated financial statements.

Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002 and 2001

NOTE A – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Presentation*

Advantage Advisory Service, Inc. (AAS) is a distributor of wireless services, phones, and phone accessories. Advantage Wireless represents the consolidated operations of Advantage Wireless, Inc. (AWI) and Advantage Advisory Services (AAS) (collectively the Company). During 2001, AAS purchased all the outstanding shares of AWI from a related party and accordingly, was a combination of entities under common control and has been accounted for in a manner similar to a pooling of interests. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company sells products and services through subdealers and licensees. As of December 31, 2002, the Company had approximately 700 subdealers and licensees representing greater than 1,100 retail locations in certain target cities, in approximately 22 states.

2. *Revenue Recognition*

The Company has contracted with various mobile phone operators for a specific commission to be earned by the Company for each subscription and activation to their respective mobile phone service. These commissions are paid to the Company by the wireless service providers. Activation revenues are recorded in the period which phone activations occur, less deferrals for deactivations, which have historically been insignificant. The Company recognizes revenue from phone equipment sales as phones are sold to subdealers and licensees. The Company also recognizes advertising revenue from carriers where proof of expenditure is not required. Amounts received as a direct reimbursement for specific advertising is included in selling, general, and administrative expenses.

3. *Cash and Cash Equivalents*

Cash and cash equivalents consist of cash and highly liquid investments such as money market funds with maturities of less than three months at date of purchase.

Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE A – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

4. *Property and Equipment*

Property and equipment is recorded at cost. Costs which increase the life of an asset are capitalized and depreciated over the estimated remaining useful life of the asset. Depreciation of office equipment, furniture, fixtures, and company vehicles is calculated using the straight-line method over the estimated useful lives of the respective assets. Depreciation of leasehold improvements is calculated using the straight-line method over the estimated useful lives of the respective assets or over the lease term, whichever is shorter. Repairs and maintenance are charged to expense as incurred. The depreciable lives of property and equipment are as follows :

	<u>Depreciable Lives</u>
Office equipment, furniture, and fixtures	3-5 years
Leasehold improvements	3-5 years
Company vehicles	4 years

5. *Inventory*

Inventory consists of wireless telephones which are carried at the lower of cost or market. Cost is determined using the first-in, first-out method for all inventories. The Company receives price protection from its suppliers, but establishes reserves for damage and loss, which have historically been insignificant.

6. *Income Taxes*

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes that enactment date. A valuation allowance is recorded against deferred tax assets if it is more likely than not that all or a portion of the deferred tax assets will not be realized.

Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE A – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

7. *Use of Estimates*

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. These estimates are based upon management's best findings, after considering past and current events and assumptions about future events. Actual results could differ from those estimates.

8. *Reclassifications*

Certain items included in the 2001 consolidated financial statements have been reclassified to conform to the current year presentation.

9. *Employee Stock Ownership Plan*

The Company accounts for its Employee Stock Ownership Plan (ESOP) in accordance with AICPA SOP 93-6, *Employer's Accounting for Employee Stock Ownership Plans*.

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2002 and 2001, consisted of the following:

	2002	2001
Office equipment, furniture, and fixtures	\$ 744,398	\$ 833,199
Leasehold improvements	596,017	204,988
Company vehicles	<u>92,111</u>	<u>92,111</u>
	1,432,526	1,130,298
Less accumulated depreciation	<u>(633,064)</u>	<u>(526,363)</u>
	\$ <u>799,462</u>	\$ <u>603,935</u>

Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE C – LONG TERM DEBT

On January 29, 2002, the Company signed a \$9,450,000 note payable with a bank, which bears interest at the prime rate (4.25% as of December 31, 2002). The note payable is due in monthly principal installments of \$157,500 plus accrued interest, and matures on February 1, 2007. The note payable is secured by substantially all of the assets of the Company. See note J.

Future maturities of the note payable are as follows:

Year ending December 31,	
2003	\$ 1,890,000
2004	1,890,000
2005	1,890,000
2006	1,890,000
2007	<u>315,000</u>
	<u>\$ 7,875,000</u>

NOTE D – SHAREHOLDER RECEIVABLES

The Company has made payments on behalf of the Company's majority shareholder for life insurance premiums. The entire amount of payments made by the Company are recorded as a receivable, as the amount will be repaid from the death benefits received by the shareholder under the insurance policy. Shareholder receivable totaled \$136,000 and \$-0- as of December 31, 2002 and 2001, respectively.

NOTE E – SHAREHOLDER ADVANCES AND COMPENSATION

The Company, from time to time, has made advances to its chief executive officer and majority shareholder. The shareholder advances are subject to a note agreement and do not bear interest.

Shareholder advances totaled \$-0- and \$1,375,000 as of December 31, 2002 and 2001, respectively (see note J).

Shareholder compensation expense was comprised of cash compensation of \$379,894 and \$887,131 in 2002 and 2001, respectively.

Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE F – INCOME TAXES

Income tax expense attributable to income from operations consists of:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Year ended December 31, 2001			
U.S. Federal	\$ 1,749,000	\$ 9,000	\$ 1,758,000
State and local	<u>256,000</u>	<u>1,000</u>	<u>257,000</u>
	<u>\$ 2,005,000</u>	<u>\$ 10,000</u>	<u>\$ 2,015,000</u>
Year ended December 31, 2002			
U.S. Federal	\$ 1,333,131	\$(173,280)	\$ 1,159,851
State and local	<u>157,590</u>	<u>(25,687)</u>	<u>131,903</u>
	<u>\$ 1,490,721</u>	<u>\$(198,967)</u>	<u>\$ 1,291,754</u>

Income tax expense was \$1,291,754 and \$2,015,000 for the years ended December 31, 2002 and 2001, respectively, and differed from the amounts computed by applying the U.S. federal income tax rate of 34% to pretax income from continuing operations as a result of the following:

	<u>2002</u>	<u>2001</u>
Computed "expected" tax expense	\$ 1,036,119	\$ 1,841,000
Increase (reduction) in income tax resulting from:		
State and local income taxes, net of federal income tax benefit	87,056	170,000
ESOP valuation	(96,977)	-
Meals and entertainment expenses	6,918	-
Change in estimate of accruals from prior year	258,638	-
Other, net	<u>-</u>	<u>4,000</u>
	<u>\$ 1,291,754</u>	<u>\$ 2,015,000</u>

Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE F – INCOME TAXES (CONTINUED)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2002 and 2001 are presented below. A valuation allowance against the Company's deferred tax assets is not deemed necessary as of December 31, 2002.

	2002	2001
Allowance for doubtful accounts	\$ 5,550	\$ 19,000
Inventory reserve	3,700	6,000
ESOP contributions	156,733	9,000
Other	612	9,000
Deferred tax liabilities – adjustment for differences in cash vs. accrual methods of accounting	<u>(9,628)</u>	<u>(85,000)</u>
Net deferred tax asset (liability)	\$ <u>156,967</u>	\$ <u>(42,000)</u>

NOTE G – EQUITY

In 2001, the Company amended its articles of incorporation to increase the authorized shares of AAS. In addition, a stock split was effected wherein each share of common stock was exchanged for 245 shares of Class A Common Stock and 84 shares of Class B Super Common Stock. The Class B shares will automatically convert into shares of Class A Common Stock at such time as the Employees Stock Ownership Plan (ESOP) debt has been paid in full. The Class B shares are convertible into Class A shares on a one for one basis (the conversion rate), subject to periodic adjustment as provided for in the Company's articles of incorporation. Both classes of common stock vote as one group, and Class B shareholders are entitled to annual dividends of \$0.10 per share, payable when and if declared. The dividends shall accumulate for a period of five years and will adjust the conversion rate to the extent not paid. The Class B shares have a liquidation preference of the greater of the accrued but unpaid dividends plus \$1.25, or the amount that would be shared mutually in a liquidation with Class A shareholders. All share and per share information included in the accompanying consolidated financial statements and notes thereto has been restated to reflect the stock split.

Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE H – COMMITMENTS

Operating Leases

The Company leases certain equipment and occupies facilities rented under noncancelable operating leases expiring through 2007. Future minimum rental commitments under these leases are as follows:

Year ending December 31,

2003	\$ 769,579
2004	574,966
2005	525,239
2006	332,789
2007	<u>21,667</u>
	<u>\$ 2,224,240</u>

Rental expense under noncancelable operating leases was \$647,102 and \$259,853 for the years ended December 31, 2002 and 2001, respectively.

NOTE I – BUSINESS AND CREDIT CONCENTRATIONS

The Company maintains four primary multi-year commission-based contracts. These contracts are with AT&T Wireless Services, LEAP Wireless, Alamosa PCS, and Verizon (collectively referred to hereafter as the service providers). The Company also has multi-year contracts with other master dealers providing a revenue sharing arrangement from service activations generated from Voicestream on the Company's distribution network. All of the Company's revenues are generated under these contracts and from phone equipment sales.

The Company's distribution network is comprised of subdealers, licensees, and the Company's direct sales fulfillment program. The Company pays a fee to subdealers and licensees based upon specific rates per activation under separately negotiated contracts. These fees are included in commission expense in the accompanying consolidated financial statements.

Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE I – BUSINESS AND CREDIT CONCENTRATIONS (CONTINUED)

The Company purchases all phones and accessories for resale primarily from the service providers. The Company has entered into price protection agreements with their suppliers which provides protection to the Company with respect to changes in technology and market declines. The Company distributes this equipment to the subdealers and licensees.

Revenue earned from significant customers is as follows:

	Year ended December 31	
	2002	2001
Customer A	- %	34%
Customer B	57%	23%
Customer C	- %	17%
Customer D	16%	12%
Customer E	7%	11%
Customer F	19%	- %

At December 31, 2002 and 2001, receivables from these customers represented 75% and 78%, respectively, of trade accounts receivable.

NOTE J – EMPLOYEE STOCK OWNERSHIP PLAN

During 2001, the Company established a leveraged ESOP for substantially all of its employees in the amount of \$10,500,000. The amount was refinanced in January 2002 through a promissory note arrangement with a bank in the amount of \$9,450,000 (see note C). Proceeds of the note were used to purchase 8,662,500 shares of the Company's Series B Super Common Stock, which are reflected as unearned ESOP contributions in the accompanying consolidated statements of stockholders' equity. The shares purchased are pledged as security under the note. Contributions to the plan are made in the form of dividends on the unallocated shares and additional contributions as allowed by ERISA and are at the discretion of the Company. The Company recognized \$1,713,376 and \$1,075,238 as compensation costs during 2002 and 2001, respectively, resulting from contributions to the plan at the current fair value of the shares. Dividends paid on allocated shares totaled \$78,759 and \$-0- during the years ended December 31, 2002 and 2001, respectively. In conjunction with the refinancing in January 2002, the primary shareholders repaid \$1,375,000 in advances that had been made as of December 31, 2001 (see note E).

Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE J – EMPLOYEE STOCK OWNERSHIP PLAN (CONTINUED)

The following is a summary of ESOP shares as of December 31, 2002 and 2001:

	2002	2001
Allocated shares	787,586	-
Shares released for allocation	1,651,737	787,586
Unreleased shares	<u>6,223,177</u>	<u>7,874,914</u>
Total ESOP shares	<u>8,662,500</u>	<u>8,662,500</u>

The fair value of unreleased shares as of December 31, 2002 and 2001 was \$5,974,250 and \$9,528,646, respectively.

NOTE K – 401(k) PLAN

The Company has a 401(k) Plan covering all eligible employees. Eligible employees are current employees of the Company who have attained age 21 and completed six months of service. The Company made matching contributions of 50% of employee's contributions, up to \$5,000 until March 15, 2002, at which time the Company discontinued their matching policy. Employees can contribute up to \$11,000 for the year ended December 31, 2002. The Company's 401(k) matching contributions totaled \$17,565 and \$39,702 for the years ended December 31, 2002 and 2001, respectively.

NOTE L – SUBSEQUENT EVENT

On June 1, 2001, the Company lent Wireless Depot \$375,000 to purchase certain assets in the Phone Connection bankruptcy. The note required monthly payments of \$12,455 from July 1, 2001 to May 1, 2002, with a final payment of \$277,050 due on June 1, 2002. During 2002, Wireless Depot defaulted on their obligation. The outstanding balance of this note receivable as of December 31, 2002 and 2001 was \$235,594 and \$326,544, respectively.

On March 18, 2002, the Company filed a Verified Complaint for Emergency and Preliminary Injunctive Relief, and for Damages and Permanent Injunctive Relief in Larimer County District Court against Wireless Depot and its owners, Corporate Plus, Inc., Phones Plus, Inc., Wireless Choices, Inc. and their owners. The Company claimed that the funding agreement mentioned above was breached, along with breach of various other contracts.

Advantage Advisory Service, Inc. and Subsidiary
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE L – SUBSEQUENT EVENT (CONTINUED)

On May 31, 2002, a hearing was held after which the Court entered an Order directing the parties to submit all of their disputes to binding arbitration. Thereafter, all parties entered into a written Arbitration Agreement, agreeing to submit their disputes to binding arbitration.

On January 6, 2003, the Arbitrator entered a written award, and thereafter, on January 24, 2003, the arbitrator entered a modified award to include attorney fees and costs. The final award of January 24, 2003, awarded the Company \$2,058,047 from the above mentioned entities and their owners, and imposed a constructive trust and a charging order on certain assets of Wireless Depot. This award is not reported as an asset or gain of the Company as of and for the year ended December 31, 2002.

C. RESOLD LONG DISTANCE AND/OR LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(C-1) Indicate if the Applicant has a resale agreement in operation

☒ Yes

☐ No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

MCI Worldcom DSA# CSI950412
TSA# CSI 980510

D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in the State of Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

☐ Yes

☒ No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services for the State of Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in the State of Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in the State of Arizona:

Not applicable

4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

Advantage Advisory, Inc. has 50,000 shares of equity and wholly owns Motion Telecom, Inc.
Motion Telecom, Inc. will be financially self-reliant.
See (A-15)

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.
2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.
3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.
4. If the projected value of all assets is zero, please specifically state this in your response.
5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

Barbara H. Vonderheid
(Signature of Authorized Representative)

June 11, 2003

(Date)

Barbara H. Vonderheid

(Print Name of Authorized Representative)

Chief Legal Officer/General Counsel

(Title)

SUBSCRIBED AND SWORN to before me this 11 day of June, 2003



Lucinda Y. Scaggs
NOTARY PUBLIC

My Comm. Expires _____

My Commission Expires 2/5/07